

FISCAL NOTE

Bill #: SB0425

Title: Revise subdivision review

Primary Sponsor: Laible, R

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$7,680	\$7,680
State Special Revenue	\$106,262	\$104,262
Revenue:		
State Special Revenue	\$106,262	\$104,262
Net Impact on General Fund Balance:	(\$7,680)	(\$7,680)

<input checked="" type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality

1. Assumptions are based on discussion with the bill sponsor to clarify the sponsor's intent. DEQ believes that the introduced bill as written inadvertently creates a situation that would be cost prohibitive for the state, counties and fee payers and that may not be possible to meet. The bill requires a completeness review of subdivision applications within 5 days of receipt. Based on DEQ's understanding with the sponsor that amendments will be offered to define completeness review as a verification of components of an application and to remove the requirement to review for adequacy within five days, additional potential costs of approximately \$8 million per year are not shown in the fiscal impact of the bill as introduced, due to the short timeframe for committee action prior to transmittal.
2. Section 76-4-105, MCA, directs the department to set fees for administering the subdivision review program. The program would collect fees for the additional review. Counties performing reviews under contract would also perform the review. Counties would be reimbursed under the current scenario at 85 per cent of the fee.
3. The department would proceed with rulemaking to add the new review to the fee schedule and increase fees to cover the new costs. Current application fees for a typical lot with a well and conventional drain field are \$250 per lot. Under this new schedule, the same typical lot would need to pay approximately

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\$275, or an additional \$25. This would provide increased revenue in excess of \$100,000 per year. (4,440 lots x \$25)

4. The bill language requires that an analysis of components of a subdivision application be reviewed for completeness within five days of receipt. DEQ would hire 1.00 FTE program specialist whose primary responsibility would be to conduct the completeness review. Anticipated annual costs of this specialist are \$32,977 in personal services (salaries - \$25,966, benefits - \$7,011) and \$16,285 in operating expenses, plus \$2,000 in FY 2004 for computer purchase.
5. It is assumed that counties with large volumes of subdivision applications would increase their programs in the same manner as DEQ.
6. Reimbursement to counties would increase by \$55,000. This is 85 percent of a \$25 fee for 2,588 lots.

Department of Public Health and Human Services

Health Policy Services Division

7. The department assumes 20 reviews will be completed for trailer courts and campgrounds annually.
8. It is assumed that a current staff member of the department that is a qualified registered sanitarian will be primarily responsible to complete the reviews.
9. It is estimated the staff member will require an additional two hours for each review.
10. It is assumed that in order to comply with the five day turnaround period required by the bill, two other staff members would also need to be trained to accomplish this duty due to vacations or travel schedules of the primary staff member.
11. Annual training costs for three staff members are estimated to be \$1,500 per staff member for a total cost of \$9,000 for the biennium. (\$1,500 annual training costs x 3 staff members x 2 years)
12. Annual travel costs for three staff members to complete reviews is estimated to be \$1,000 per staff member for a total cost of \$6,000 for the biennium. (\$1,000 annual travel costs x 3 staff members x 2 years)
13. Other operating costs for the biennium are estimated to be \$360 for long-distance telephone charges. (\$15 per month x 12 months x 2 years)
14. It is assumed that all costs will be funded with general fund.

FISCAL IMPACT:

Department of Environmental Quality

	FY 2004 Difference	FY 2005 Difference
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	\$32,977	\$32,977
Operating Expenses	18,285	16,285
Grants to Counties	<u>55,000</u>	<u>55,000</u>
	\$106,262	\$104,262
TOTAL		
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$106,262	\$104,262
<u>Revenues:</u>		
State Special Revenue (02)	\$106,262	\$104,262

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(continued)

FISCAL IMPACT: (continued)

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Department of Public Health and Human Services		
<u>Expenditures:</u>		
Operating Expenses	\$7,680	\$7,680
<u>Funding of Expenditures:</u>		
General Fund (01)	\$7,680	\$7,680
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$7,680)	(\$7,680)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Department of Environmental Quality

1. Counties would need to conduct the same reviews under contract with the state and under the Subdivision and Platting Act. The number and staff needed would depend upon the number of subdivisions typically processed in each county. Reimbursement to the counties would increase by \$55,000 per year.

TECHNICAL NOTES:

1. Section 4 of the bill (page 5, lines 28, 29 and 30) are recommended to revert to the original statutory language. The changes proposed in the bill state the department may not request additional information after it determines the application is complete. Since the completeness review would be required within five days of receipt of the application, this provision as changed in the bill effectively requires full review within five days, since no additional information may be requested after the completeness determination. As written, this provision makes the bill impracticable to implement, even with a very high fiscal impact.